

Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 XMB-04 AID-05 COME-00 FMC-02

PA-02 L-03 FTC-01 JUSE-00 CG-00 DOTE-00 CIAE-00

INR-10 NSAE-00 TRSE-00 /050 W

-----007405 220438Z /14

R 202135Z JUL 78

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8342

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 5677

E.O. 11652: N/A

TAGS: EWWT, BR

SUBJECT: SEA-LAND AND EXIM BANK FREIGHT FINANCING - O GLOBO

ARTICLE JULY 20

REF: MARSHALL/TAYLOR (EB/TCA/MA) TELCON

FOLLOWING IS INFORMAL TRANSLATION OF JULY 20 O GLOBO
(RIO DE JANEIRO) ARTICLE ON WITHDRAWAL OF FREIGHT
FINANCING BY EXIM BANK FOR BRAZILIAN BOTTOMS BASED IN
PART ON INTERVIEW WITH SEA-LAND RIO REPRESENTATIVE.

BEGIN TEXT: 1. THIS JULY 31 THERE ENTERS INTO
FORCE THE WITHDRAWAL OF EXIM BANK FINANCING OF FREIGHT
ON BRAZILIAN IMPORTATIONS FROM THE UNITED STATES. THE
MEASURE WAS REQUESTED BY THE ASSISTANT SECRETARY FOR
MARITIME AFFAIRS, ROBERT BLACKWELL, CONSIDERING THAT
BRAZIL WAS HAMPERING THE FREE TRAFFIC ACCESS OF THE
AMERICAN COMPANY SEA-LAND, OF THE R.J. REYNOLDS TOBACCO
GROUP. FOUR COMPANIES OPERATING THE TRAFFIC--LLOYD,
NETUMAR, MOORE-MCCORMACK AND ELTA LINE--SIGNED AN
ACCORD IN NEW YORK, SEVERAL DAYS AGO, PUTTING AN END
TO ALL EXISTING DIVERGENCIES AND REGULATING THE OPERATION
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OF SEA-LAND.

2. THE EXIM BANK, HOWEVER, MAINTAINS THE ANNOUNCED
PROHIBITION, BECAUSE THE ACCORD HAS NOT BEEN RATIFIED
YET BY THE TWO GOVERNMENTS THROUGH THE NATIONAL MERCHANT
MARINE SUPERINTENDENCY (SUNAMAM) AND THE FEDERAL
MARITIME COMMISSION (FMC).

3. YESTERDAY (JULY 19, 1978), IN RIO DE JANEIRO, THE DIRECTOR OF SEA-LAND, ROBERT INGRAM, TOLD O GLOBO IN AN INTERVIEW THAT IT WAS NOT HIS COMPANY THAT SOLICITED THIS MEASURE TO BE TAKEN BY EXIM BANK: "WE DIDN'T ASK ANY REPRISALS AGAINST BRAZIL. IF ASSISTANT SECRETARY BLACKWELL HAS ACTED THIS WAY, HE WAS CONSIDERING THAT AN AMERICAN LAW WAS BEING VIOLATED". INGRAM SAID THAT HE WOULD EXPECT THE ANNULMENT OF THE MEASURE, IN ORDER THAT NO PROBLEMS WOULD OCCUR IN THE COMMERCIAL RELATIONS BETWEEN BRAZIL AND THE UNITED STATES.

4. THE WITHDRAWAL OF FINANCING IMPORTATIONS, IF IT COMES INTO FORCE AT THE END OF THE MONTH, WILL AFFECT MAINLY THE LARGE BRAZILIAN STATE-OWNED COMPANIES AND MULTINATIONALS WHICH HAVE LARGE IMPORTATIONS SCHEDULED, AND, DUE TO THIS, WILL HAVE DIFFICULTIES TO MAKE CASH PAYMENTS ON DELIVERY. IN GENERAL, THE FREIGHT CORRESPONDS TO 10 - 15 PERCENT OF THE VALUE OF THE PRODUCT, WHICH IMPLIES GREAT EXPENDITURES BY COMPANIES WHICH ALREADY HAVE ESTABLISHED FINANCIAL COMMITMENTS AND WERE EXPECTING THE FINANCING ON IMPORTATIONS NORMALLY CONCEDED BY EXIM BANK TO THE NORTH/SOUTH ROUTE (OF AMERICAN EXPORTATIONS).

5. IN CASE EX-IM BANK'S DECISION IS MAINTAINED,
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IT IS NOT IMPOSSIBLE THAT BRAZIL WILL ADOPT REPRISALS AGAINST THE UNITED STATES. ON THE MARITIME SIDE, THE PROTECTION GUARANTEED BY THE BRAZILIAN FLAG--AND EXTENDED TO AMERICAN COMPANIES THROUGH THE RULES IN FORCE--MAY BE STOPPED UNTIL EX-IM BANK DECIDES TO REVOKE ITS DECISION.

6. ALTHOUGH SUNAMAM IS LINKED TO THE MINISTRY OF TRANSPORTATION, IT IS KNOWN THAT MINISTER OF FINANCE, MARIO HENRIQUE SIMONSEN, AND THE MINISTER OF FOREIGN RELATIONS, AZEREDO DA SILVEIRA, HAVE BEEN INFORMED ABOUT THE PROBLEM AND BOTH ARE WORKING WITH AMERICAN AUTHORITIES TO SOLVE THIS OBSTACLE.

7. YESTERDAY THE SEA-LAND REPRESENTATIVE, ROBERT INGRAM VISITED WITH THE REPRESENTATIVE OF MOORE-MCCORMACK IN BRAZIL AND LATIN AMERICA, JUAN LLERENA, TO DISCUSS THE BEGINNING OF OPERATIONS OF THE NEW COMPANY. SEA-LAND SHALL NOT USE THE CONTAINERS OF THE NEW COMPANY. SEA-LAND SHALL NOT USE THE CONTAINERS OF 35 FEET - OUTSIDE OF THE BRAZILIAN STANDARDS NOR MAKE TRANSSHIPMENT OF CARGOES OF OTHER ORIGINS TO BRAZIL.

8. ABOUT THIS, INGRAM SAID:

-- WHEN WE ENTER INTO THE TRAFFIC, WE WILL FOLLOW THE RULES
NOW IN FORCE.

9. IT IS NOT KNOWN WHEN SEA-LAND WILL BEGIN TO
OPERATE, BUT IT IS BELIEVED THAT THIS WILL TAKE PLACE
NEXT YEAR. TO USE CONVENTIONAL SHIPS, THE COMPANY WILL
NEED TO REMODEL SEVERAL EXISTING SHIPS--WHICH WILL TAKE
A LONG TIME--OR TO BUY USED AMERICAN SHIPS, ACCORDING TO
SOME REPORTS.

10. THE SUIT UNDERTAKEN IN THE UNITED STATES BY
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SEA-LAND--WHICH BELIEVES ITSELF HURT BY THE PREVIOUS
BRAZILIAN DECISION--WILL ONLY BE WITHDRAWN FROM COURT
WHEN THE ACCORD UNDERTAKEN AMONG THE COMPANIES IS
RATIFIED BY THE RESPECTIVE GOVERNMENTS. END TEXT.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARITIME LAW, FREIGHT RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRASIL05677
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780301-0565
Format: TEL
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780740/aaaabhfr.tel
Line Count: 142
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f46a3570-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1947903
Secure: OPEN
Status: NATIVE
Subject: SEA-LAND AND EXIM BANK FREIGHT FINANCING - O GLOBO ARTICLE JULY 20
TAGS: EWWT, BR
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f46a3570-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014